

Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 EB-08 /019 W
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P 251228Z JUL 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC PRIORITY 9673
USDOC WASHDC PRIORITY

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E.O. 11652: N/A
TAGS: BENC, ENRG, NI
SUBJECT: MAJOR PROJECT: NIGERIAN PETROCHEMICAL COMPLEX

REF: A) STATE 173955; B) LAGOS 5800

1. S.A. ADEYEYE, PRINCIPAL ASSISTANT, (PETROCHEMICALS) MIN. INDUSTRIES (MOE) TOLD EMBOFF IN MEETING OF JULY 24 THAT PETROCHEMICAL PROJECT WILL GO TO FEDERAL EXECUTIVE COUNCIL (FEC) THIS WEEK. HE SAID THAT THEY WILL CHOOSE MANAGING CONTRACTOR AND WILL MAKE SOME BASIC DECISIONS ABOUT THIS PROJECT WHICH HAS BEEN UNDER ACTIVE CONSIDERATION SINCE 1975. (IN REFTTEL B, WE REPORTED THAT FOSTER-WHEELER IS MOI FRONT-RUNNER). HE AFFIRMED THAT ECONOMIC AND FINANCE COMMITTEE HAS ALREADY GIVEN ITS APPROVAL.

2. IN HOUR LONG CONVERSATION, ADEYEYE BRIEFED NEW PTROL-OFF IN PROJECT BACKGROUND. MUCH OF THIS INFORMATION HAD BEEN REPORTED PREVIOUSLY, BUT SOME THAT MAY BE NEW IS REPORTED BELOW.

3. IN 1982, PLANT IS EXPECTED TO COST OVER \$1 BILLION AND HAVE AN OUTPUT OF OVER 250,000 METRIC TONS OF ETHYLENE. BY 1987 OUTPUT SHOULD BE 310,000 METRIC TONS. IF THE LNG PLANT IS NOT READY IN TIME TO PROVIDE
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FEEDSTOCK, PETROCHEMICALS WILL BE BASED ON IMPORTED NAPHTHA. MOI FELT THAT 70 PERCENT OF DEMAND WILL COME FROM NIGERIAN INTERNAL MARKET WHILE 30 PERCENT WILL BE TAKEN OFF BY TECHNICAL PARTNERS IN THREE DOWNSTREAM PLANTS. MOI FELT THAT ESTIMATE WAS REASONABLE SINCE 1975 DOMESTIC DEMAND FOR PRODUCTS OF 3 DOWNSTREAM PLANTS (LOW DENSITY POLYETHYLENE, HIGH DENSITY POLYETHYLENE AND VCM/PVC

AMOUNTED TO 100,000 METRIC TONS.

4. TO MEET DEMAND TARGETS, MOI IS PROMOTING ESTABLISH-
MENT OF INDUSTRIES WHICH USE PLASTIC AS AN INPUT.
INCENTIVES ARE AN APPROVED USER LICENSE WHICH ALLOWS
IMPORT OF RAW MATERIALS AT STEEPLY REDUCED RATE OF DUTY
AND PIONEER INDUSTRY STATUS WHICH ALLOWS NO TAXATION
FOR FIRST THREE YEARS WITH POSSIBILITY FOR AN EXTENSION.
WYMAN

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Message Attributes

Automatic Decaptioning: X
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Concepts: PETROLEUM, CHEMICALS, PROGRAMS (PROJECTS)
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Disposition Approved on Date:
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